

AGENDA

ACQUISITION INITIATIVES WORKSHOP

OBJECTIVE: The Acquisition community is aggressively pursuing Modernization Through Spares opportunities through Acquisition Reform and innovative contract requirements. Key points of the workshop will be Technology Insertion, Value Engineering Initiatives, and Using Performance Specifications in Buying Spares. The key to success is to identify methods for modernizing spares without working through the old process of Engineering Change Proposals and the infinite time and money it took to make any changes to existing equipment. With today's rapidly moving pace of technology, the U.S. Army will lose its warfighting edge if new Acquisition Initiatives are not developed to change our way of doing business.

28 MAY 97

- 1230 - 1250 Administrative Announcements
Introduction of Workgroup Members
- 1250 - 1310 Presentation of Materials in Packets
- 1310 - 1330 Presentation of MICOM Technology Insertion
Clause - MICOM, Ms. Cathy Dickens
- 1330 - 1400 Modernization Thru Spares, One Team's
Perspective - Mr. Richard Decker, CBDCOM
- 1400 - 1430 Questions and Answers
- 1430 - 1445 BREAK
- 1445 - 1630 Discussion of Barriers, Environment,
Recommendations, Processes and Methodology

29 MAY 97

- 0800 - 0830 Specifications and Standards Acquisition Reform
- Mr. Kenneth Brockel, CECOM
- 0830 - 0930 AN/ARC-210 Radio Cost Reduction Initiative -
Mr. Alan Boyden, Rockwell-Collins, Inc.

0900 - 0930 Discussion of Barriers, Environment,
Recommendations, Process, Methodology

0930 - 0945 BREAK

0945 - 1100 Preparation of Out Briefing

MODERNIZATION through SPARES WORKSHOP

ACQUISITION INITIATIVES WORKGROUP

The objective of the Acquisition Initiatives Workgroup was to explore the acquisition community initiatives in its pursuit of Modernization Through Spares (MTS) opportunities through Acquisition Reform and innovative contract requirements. Key areas of discussion in the workshop were Technology Insertion (TI), Value Engineering Initiatives, and using performance specifications in buying spares. The central concept presented was that the key to success is to identify methods for modernizing spares without working through the old process of Engineering Change Proposals and the infinite time and money it took to make any changes to existing equipment. Without a new way of doing business and with today's rapidly moving pace of technology, the U.S. Army will lose its warfighting edge if new acquisition initiatives are not developed.

Ms. Cathy Dickens, MICOM, Acquisition Center, presented the MICOM Technology Insertion Provision and the concept of utilizing TI in new procurements and depot maintenance of secondary buys. The basic concept of TI is to modernize our weapon systems by encouraging contractors to share ideas that will reduce the cost of ownership of those items and sharing the cost savings with contractor. In order to ensure system integrity, TI is currently utilized in contracts with prime contractors and major subcontractors. This provision has been a part of MICOM contracts for less than a year and to date we have not received any submissions from the contractor community. However, as we continue to advertise the potential benefits of this provision we are confident that new technology will be submitted under the provision. In fact, we have been unofficially notified that one of our prime contractors is in the process of preparing a TI/ECP.

Mr. Richard W. Decker, System Manager, Product Manager Smoke/Obscurants, CBDCOM, presented "One Team's Perspective." Through acquisition initiatives, an IPT was established including a formal partnership with industry and other government agencies. Utilizing Best Value Contracting, conversion of Level III TDPs to performance specifications, and identification of obsolete parts, the TDPs were upgraded to performance specifications, sole source items were converted to commercial parts, and the logistics support and spare/repair parts inventory were upgraded. The Level III TDP is maintained by the Project Manager to ensure validity of system, but the contractor performs to performance specifications. Mr. Decker presented numerous items that had been modernized/improved through spares purchases. A lesson learned was that small businesses may need engineering assistance from

the Government to develop design options. The key to success is teaming and learning to rely on the partnership. As a result of the MTS efforts at CBDCOM, readiness has increased to above 90% and Operating and Support Costs has been reduced 50%.

Mr. Kenneth Brockel, CECOM, presented the MTS Initiatives Team C4IEWSIM's projects directed toward the end goals of Acquisition Reform. Key metrics of their program are cost, improved efficiency, training the culture change, and the widest possible use of commercial NDI/COTS products and TI. The Acquisition Reform initiatives include value engineering, intelligent product data (models and simulations), operational support cost reduction, and performance based requirements. Mr. Brockel presented several success stories. The bottom line is that industry is taking on more responsibility and Government oversight is being reduced to a level consistent with what is required to assure the warfighter is provided with quality products, on time, and within budget and mission needs.

Mr. Alan Boyden, Rockwell Collins, Inc. presented the success story of the Navy ARC-210 Radio which is a standard aircraft radio. The ECP process was cumbersome and exceeded the technology turn-over rate. An IPT was established between NAVAIR and the contractor based on a willingness to share risk and responsibility. The negotiated Reliability Improvement Warranty included 120% MTBF growth, and a 30 day TAT guaranty. Financial incentives to the contractor were establishing the contractor as repair depot, 5 year fixed price warranty on all units, and incentives for exceeding MTBF guarantees. Maintenance costs per flight hours were reduced from \$6.00 to \$3.59 with an MTBF growth from 500 hours to 807 hours. The results were a 25% reduction of unit costs, elimination of non-value added MIL Specs, technology insertion, increase of MTBF of more than 120%, and the contractor maintains configuration control. Lessons learned was that teamwork is essential, that the government must significantly reduce the level of configuration control, and that the contractor must be established as the organic depot.

Discussion among the workshop members was very active regarding barriers and recommendations. The barriers were identified as not enough incentive for contractors, color of money, Army not willing to make upfront investments and budget instability. It was determined that DoD/DA must continue to challenge existing FAR/DFARS/ SBA/60-40 Rules in order to allow the commands to take full advantage of the Acquisition Initiatives available. It was also recommended that a portion of the Modernization Budget be set aside for MTS. Teaming and partnering between the government and industry should become a standard business practice. We must find a way to support Small Business and still meet the objectives of MTS. The government can not take advantage of what we do not understand and

therefore, must retain a core technical capability. Finally it is recommended that clarification and relaxation on the limitations of the use of different colors of money under MTS be provided by higher headquarters.

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